

Information for  
**Warrant Articles 20-23**  
Regarding the Local Room  
Occupancy Excise (i.e. Short Term  
Rental Tax)

## Article #20

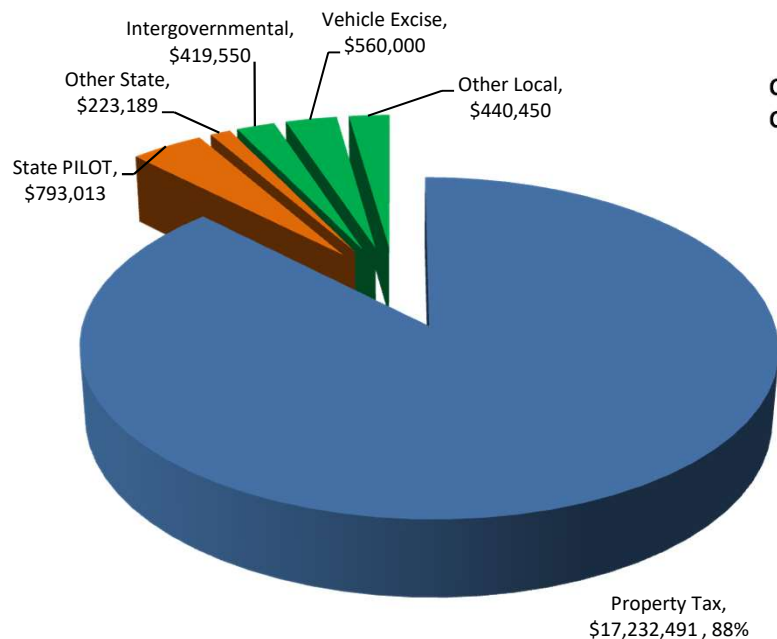
### Local Room Occupancy Excise (i.e. Short Term Rental Tax)

If the town accepts the local option for the short term rental tax, it will increase the total of **Local Receipts** contributing to the **General Fund**.

The General Fund is used to make appropriations for the Town Budget and Warrant Articles that are designated as “Raise & Appropriate” and “Free Cash”.

The sources of revenue for the General Fund are **State Funding**, **Local Receipts**, and **Property Taxes**. Any increase in State Funding or **Local Receipts** decreases the amount needed to be raised from **Property Taxes**.

Current FY20 Projected General Fund Revenue



Current Local Room Tax  
Cape & Island Towns



Municipality	Room Tax Effective Date	Room Tax Rate
Aquinnah	1/1/2006	4.00%
Chilmark	1/1/1997	4.00%
Edgartown	1/1/1987	4.00%
Oak Bluffs	4/1/2011	6.00%
Tisbury	7/1/2013	6.00%
West Tisbury		0.00%
Barnstable	10/1/2010	6.00%
Bourne	7/1/1986	4.00%
Brewster	7/1/2010	6.00%
Chatham	7/1/1988	4.00%
Dennis	4/1/1987	4.00%
Eastham	1/1/1987	4.00%
Falmouth	1/1/1987	4.00%
Harwich	1/1/1987	4.00%
Mashpee	10/1/1986	4.00%
Nantucket	1/1/2010	6.00%
Orleans	4/1/1988	4.00%
Provincetown	7/1/2010	6.00%
Sandwich	7/1/1986	4.00%
Truro	12/1/1985	4.00%
Wellfleet	7/1/1986	4.00%
Yarmouth	7/1/2010	6.00%

## Article #21

### To accept MGL ch.40 s.5B paragraph that allows a town to establish dedicated Stabilization Funds

- Stabilization Funds allow towns to accumulate funds over several years for future large expenditures or prevent extreme variances in regular expenditures that can fluctuate greatly from year-to-year.
- West Tisbury has used stabilization funds for fire trucks and equipment, ambulances, building maintenance, road construction and OPEB, as well as maintained a general stabilization fund for emergencies with a current balance of \$500,000.
- A town can also dedicate a percentage of a revenue stream to automatically go into a Stabilization Fund—but only if it first accepts this provision by a vote at Town Meeting. There are special provisions that apply to this type of Stabilization Fund:
  - Requires a 2/3 vote at Town Meeting to create the Fund
  - Requires a 2/3 vote at Town Meeting to appropriate out of the Fund for a specific municipal purpose before it can be expended
  - A 2/3 vote at Town Meeting can change the designated purpose of the Fund
  - Cannot terminate the dedication of funds until after three years
- Approving Article #21 does not create any Stabilization Fund. It is a procedural requirement that permits a town to do so now or in the future, as it sees fit.

## Articles #22 & #23

### Dedicating a % of Room Tax Receipts to Stabilization Funds

- Road Construction and Paving (**Article #22**)

Paving a significant segment of road costs \$500,000+. For efficiency, the Town has conducted several projects at the same time, mostly funded through debt. A stabilization fund would accumulate funds for the next round of repaving and decrease the amount that would need to be funded through debt and paid-down annually by new taxes.

- 2004 ATM – \$1.1 million for road projects authorized
- 2012 ATM – \$2.4 million for road projects authorized
- A Town Meeting in 2013 created a Stabilization Fund for Roads but it has never been funded due to budget concerns. The Capital Improvements Planning Committee's 5-year plan includes funding for this as soon as possible [see pages 50-55 of town's 2018 Annual Report]

- Municipal Vehicles (**Article #23**)

The Town has funded over \$1.5 million for vehicles over the past 5 years. A stabilization fund would allow the annual purchase of smaller vehicles, as needed and voted at Town Meeting, while accumulating funds for larger, specialized vehicles. Recent acquisitions:

- |                                      |  |
|--------------------------------------|--|
| ○ 2014 Fire Brushbreaker – \$395,000 | ○ 2017 Animal Control – \$31,000       |
| ○ 2014 Highway F350 – \$23,000       | ○ 2017 Police -- \$41,000              |
| ○ 2016 Police – \$39,000             | ○ 2018 Fire Pumper – \$471,000         |
| ○ 2016 Fire Pumper -- \$375,000      | ○ 2018 Fire Command Vehicle – \$60,000 |
| ○ 2017 Highway F550 – \$68,000       | ○ 2018 Police – \$44,000               |
- ❖ FY2020 onward: Police – Purchase 2 vehicles every 3 years @ \$45,000 each
  - ❖ FY2020 proposed: Building/Health Department AWD vehicle – \$22,000